

incumbent's costs. As a result, a large disparity exists in the difference between the *cost* that Verizon realizes for this incremental transport capacity on a forward-looking basis and the *rates* that it seeks to impose on CLECs today.

Selwyn uses a proxy model to evaluate the degree to which Verizon may be over-recovering its transport costs. This model, discussed on pages 38 to 46 and Table 2 of Attachment 3 of his testimony, is not meant to be a cost study for the purpose of proposing a rate, but a tool to indicate the magnitude of disparity between Verizon's transport costs and the transport charge Verizon wishes to impose.⁷⁸ Selwyn presents testimony showing that if Verizon's charge was imposed, the incremental charge should be approximately \$0.00007085, *i.e.*, about seven one thousandths of a cent⁷⁹ (*i.e.*, \$20.44 per mile for DS-3 at a \$0.00000230⁸⁰ incremental rate applied to the 30.85 average additional miles.⁸¹). Notwithstanding these minimal costs, Verizon insists on charging Global rates well above its costs (and in some cases tandem switching as well).⁸²

Although a SPOI would result in only a *de minimis* increase in Verizon's transport costs, Verizon seeks to impose excessive and discriminatory charges for this

⁷⁸ "My purpose in calculating these costs, I should emphasize, is not to effectively reargue the Department's determination in the UNE cost case, but simply to demonstrate what we're talking about here is an incremental or a differential cost. In other words, the cost that Verizon incurs to haul traffic from a physical point of interconnection to an end office versus the cost that Verizon incurs if the traffic is brought to that end office, over the Verizon network, integrated with all of the other Verizon traffic, is extremely small." Tr at 45, 46 (Selwyn).

⁷⁹ Selwyn Direct at 44 & Table 2 of Attachment 3.

⁸⁰ Selwyn Direct at 44.

⁸¹ *Id.* at 44. It is curious to note how Verizon's costs in Massachusetts can be \$20.44 for a DS-3 on a per mile basis, while in neighboring Rhode Island, the same facility costs \$3.60. See Verizon's R.I.P.U.C. Tariff No. 18 (establishing cost-based unbundled network element rates including rates for inter office transport).

⁸² See Selwyn Direct at 37.